

AMENDED IN ASSEMBLY APRIL 15, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1393**

**Introduced by Assembly Member Wright**

February 26, 1999

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An act to amend Sections 381 and 382 of, and to add Section 381.5 to, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1393, as amended, R. Wright. Electrical restructuring: programs: funding.

(1) The Public Utilities Act requires specified electrical corporations to allow customers to make voluntary contributions through their utility bill payments as either a fixed amount or a variable amount to support programs established for the in-state operation and development of existing and new and emerging renewable resource technologies, as described. The act requires the Public Utilities Commission to order certain electrical corporations to collect and spend funds for, among other purposes, cost-effective energy efficiency and conservation activities, in accordance with a prescribed schedule. The act requires programs provided to low-income electricity customers, including, but not limited to, targeted energy-efficiency services and the California Alternative Rates for Energy Program to be funded at not less than 1996 authorized levels based on an assessment of customer need, and requires the

commission to allocate funds necessary to meet those low-income objectives.

This bill would require those specified electrical corporations to also allow customers to make those voluntary contributions described above to support programs established for cost-effective energy efficiency and conservation activities. The bill would require the commission to allocate the funds collected to support those programs in accordance with administration and expenditure criteria, upon the establishment of those criteria by the Legislature. The bill would require the commission to order those certain electrical corporations required to collect and spend funds for cost-effective energy efficiency and conservation activities to allocate 35% of those to cost-effective energy efficiency and conservation activities that affect residential energy use. The bill would require the commission to order the electrical corporations to collect and expend funds for targeted energy efficiency programs for low-income electricity customers in accordance with a prescribed schedule. The bill would require the commission, with respect to those low-income objectives, to require the collection and allocation of funds necessary to meet the objectives.

*The bill would require the commission to order certain electrical corporations, on and after January 1, 2002, to collect a specified fee to support cost-effective energy efficiency and conservation activities.* Because a violation of the act is a crime, this bill would impose state-mandated local programs by creating new crimes.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.



*The people of the State of California do enact as follows:*

SECTION 1. Section 381 of the Public Utilities Code is amended to read:

381. (a) To ensure that the funding for the programs described in subdivision (b) and Section 382 is not commingled with other revenues, the commission shall require each electrical corporation to identify a separate rate component to collect the revenues used to fund these programs. The rate component shall be a nonbypassable element of the local distribution service and collected on the basis of usage. ~~This~~ *On or before January 1, 2002, this* rate component shall fall within the rate levels identified in subdivision (a) of Section 368.

(b) The commission shall allocate funds collected pursuant to subdivision (a), and any interest earned on collected funds, to programs which enhance system reliability and provide in-state benefits as follows:

(1) Cost-effective energy efficiency and conservation activities.

(2) Public interest research and development not adequately provided by competitive and regulated markets.

(3) In-state operation and development of existing and new and emerging renewable resource technologies defined as electricity produced from other than a conventional power source within the meaning of Section 2805, provided that a power source utilizing more than 25 percent fossil fuel may not be included.

(c) The Public Utilities Commission shall order the respective electrical corporations to collect and spend these funds, as follows:

(1) Cost-effective energy efficiency and conservation activities shall be funded at not less than the following levels commencing January 1, 1998, through December 31, 2001: for San Diego Gas and Electric Company a level of thirty-two million dollars (\$32,000,000) per year; for Southern California Edison Company a level of ninety million dollars (\$90,000,000) for each of the years 1998, 1999, and 2000; fifty million dollars (\$50,000,000) for the

1 year 2001; and for Pacific Gas and Electric Company a  
2 level of one hundred six million dollars (\$106,000,000) per  
3 year. *The commission shall order the respective electrical*  
4 *corporations, on and after January 1, 2002, to collect a*  
5 *surcharge of 1.5 mills (\$0.0015) per kilowatt hour to*  
6 *support cost-effective energy efficiency and conservation*  
7 *activities.*

8 (2) Research, development, and demonstration  
9 programs to advance science or technology that are not  
10 adequately provided by competitive and regulated  
11 markets shall be funded at not less than the following  
12 levels commencing January 1, 1998 through December  
13 31, 2001: for San Diego Gas and Electric Company a level  
14 of four million dollars (\$4,000,000) per year; for Southern  
15 California Edison Company a level of twenty-eight  
16 million five hundred thousand dollars (\$28,500,000) per  
17 year; and for Pacific Gas and Electric Company a level of  
18 thirty million dollars (\$30,000,000) per year.

19 (3) In-state operation and development of existing  
20 and new and emerging renewable resource technologies  
21 shall be funded at not less than the following levels on a  
22 statewide basis: one hundred nine million five hundred  
23 thousand dollars (\$109,500,000) per year for each of the  
24 years 1998, 1999, and 2000, and one hundred thirty-six  
25 million five hundred thousand dollars (\$136,500,000) for  
26 the year 2001. To accomplish these funding levels over  
27 the period described herein the San Diego Gas and  
28 Electric Company shall spend twelve million dollars  
29 (\$12,000,000) per year, the Southern California Edison  
30 Company shall expend no less than forty-nine million five  
31 hundred thousand dollars (\$49,500,000) for the years  
32 1998, 1999, and 2000, and no less than seventy-six million  
33 five hundred thousand dollars (\$76,500,000) for the year  
34 2001, and the Pacific Gas and Electric Company shall  
35 expend no less than forty-eight million dollars  
36 (\$48,000,000) per year through the year 2001. Additional  
37 funding not to exceed seventy-five million dollars  
38 (\$75,000,000) shall be allocated from moneys collected  
39 pursuant to subdivision (d) in order to provide a level of

1 funding totaling five hundred forty million dollars  
2 (\$540,000,000).

3 (4) Up to fifty million dollars (\$50,000,000) of the  
4 amount collected pursuant to subdivision (d) may be  
5 used to resolve outstanding issues related to  
6 implementation of subdivision (a) of Section 374. Moneys  
7 remaining after fully funding the provisions of this  
8 paragraph shall be reallocated for purposes of paragraph  
9 (3).

10 (5) Up to ninety million dollars (\$90,000,000) of the  
11 amount collected pursuant to subdivision (d) may be  
12 used to resolve outstanding issues related to contractual  
13 arrangements in the Southern California Edison service  
14 territory stemming from the Biennial Resource Planning  
15 Update auction. Moneys remaining after fully funding  
16 the provisions of this paragraph shall be reallocated for  
17 purposes of paragraph (3).

18 (d) Notwithstanding any other provisions of this  
19 chapter, entities subject to the jurisdiction of the Public  
20 Utilities Commission shall extend the period for  
21 competition transition charge collection up to three  
22 months beyond its otherwise applicable termination of  
23 December 31, 2001, so as to ensure that the aggregate  
24 portion of the research, environmental, and low-income  
25 funds allocated to renewable resources shall equal five  
26 hundred forty million dollars (\$540,000,000) and that the  
27 costs specified in paragraphs (3), (4), and (5) of  
28 subdivision (c) are collected.

29 (e) Each electrical corporation shall allow customers  
30 to make voluntary contributions through their utility bill  
31 payments as either a fixed amount or a variable amount  
32 to support programs established pursuant to paragraphs  
33 (1) and (3) of subdivision (b). Funds collected by  
34 electrical corporations for these purposes shall be  
35 forwarded in a timely manner to the appropriate fund as  
36 specified by the commission.

37 (f) The commission shall allocate the funds collected  
38 for the purposes of paragraph (1) of subdivision (b) in  
39 accordance with administration and expenditure criteria,

1 upon the establishment of those criteria by the  
2 Legislature.

3 (g) The commission shall determine how to utilize  
4 funds for purposes of paragraph (2) of subdivision (b),  
5 provided that only those research and development  
6 funds for transmission and distribution functions shall  
7 remain with the regulated public utilities under the  
8 supervision of the commission. The commission shall  
9 provide for the transfer of all research and development  
10 funds collected for purposes of paragraph (2) of  
11 subdivision (b) other than those for transmission and  
12 distribution functions and funds collected for purposes of  
13 paragraph (3) of subdivision (b) to the California Energy  
14 Resources Conservation and Development Commission  
15 pursuant to administration and expenditure criteria to be  
16 established by the Legislature.

17 (h) The commission's authority to collect funds  
18 pursuant to this section for purposes of paragraph (3) of  
19 subdivision (b) shall become inoperative on March 31,  
20 2002.

21 (i) For purposes of this article, "emerging renewable  
22 technology" means a new renewable technology,  
23 including, but not limited to, photovoltaic technology,  
24 that is determined by the California Energy Resources  
25 Conservation and Development Commission to be  
26 emerging from research and development and that has  
27 significant commercial potential.

28 SEC. 2. Section 381.5 is added to the Public Utilities  
29 Code, to read:

30 ~~381.5. (a) The commission shall order the respective~~  
31 ~~electrical corporations specified in paragraph (1) of~~  
32 ~~subdivision (e) of Section 381 to allocate 35 percent of the~~  
33 ~~funds collected pursuant to that paragraph to~~  
34 ~~cost-effective energy efficiency and conservation~~  
35 ~~activities that affect residential energy use.~~

36 ~~(b) The commission shall order the respective~~  
37 ~~electrical corporations to collect and expend funds for~~  
38 ~~targeted energy efficiency programs for low-income~~  
39 ~~electricity customers, as described in Section 382, at the~~  
40 ~~following levels, commencing January 1, 2000, through~~

~~December 31, 2001: for San Diego Gas and Electric Company a level of five million dollars (\$5,000,000) per year; for Southern California Edison Company a level of twelve million dollars (\$12,000,000) for each year; and for Pacific Gas and Electric Company a level of fifteen million dollars (\$15,000,000) per year. These funds are in addition to funds collected pursuant to paragraph (1) of subdivision (e) of Section 381.~~

*381.5. It is the intent of the Legislature that both of the following requirements should be met:*

*(a) That funds identified in paragraph (1) of subdivision (c) of Section 381 be allocated equitably among classes and subclasses of electric customers in approximate proportion to the amounts each group pays to the surcharge fund.*

*(b) Notwithstanding subdivision (a), that special emphasis be placed on programs to reduce electricity bills of customer groups that have been historically underserved by energy efficiency or conservation programs operated by the investor-owned utilities, including small businesses, schools, owners and tenants of multifamily residential buildings, owners and tenants of mobile home parks, tribes, persons with limited English skills, and other customer groups identified as hard-to-reach. Funds for energy efficiency and conservation should also be used to stimulate the growth of a competitive industry providing cost-effective products and services and to improve the acquisition and use of energy-efficient appliances and equipment by consumers.*

SEC. 3. Section 382 of the Public Utilities Code is amended to read:

382. Programs provided to low-income electricity customers, including, but not limited to, targeted energy-efficiency services and the California Alternative Rates for Energy Program shall be funded at not less than 1996 authorized levels based on an assessment of customer need. The commission shall require the collection and allocation of funds necessary to meet the low-income objectives in this section.

1 SEC. 4. No reimbursement is required by this act  
2 pursuant to Section 6 of Article XIII B of the California  
3 Constitution because the only costs that may be incurred  
4 by a local agency or school district will be incurred  
5 because this act creates a new crime or infraction,  
6 eliminates a crime or infraction, or changes the penalty  
7 for a crime or infraction, within the meaning of Section  
8 17556 of the Government Code, or changes the definition  
9 of a crime within the meaning of Section 6 of Article  
10 XIII B of the California Constitution.

